

FIFTY-FIFTH ANNUAL REPORT

THE CROW'S NEST PASS COAL COMPANY,
LIMITED

FERNIE, BRITISH COLUMBIA

ESTABLISHED 1897



FOR THE YEAR ENDING DECEMBER 31, 1951

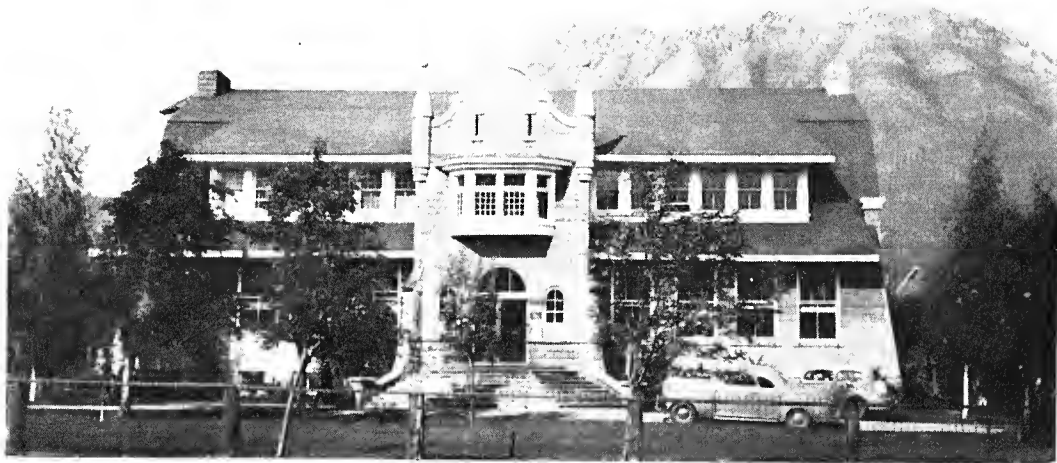


FIFTY-FIFTH ANNUAL REPORT

THE CROW'S NEST PASS COAL COMPANY, LIMITED

FERNIE, BRITISH COLUMBIA

(Incorporated 1897)



HEAD OFFICE, FERNIE, B.C.

YEAR 1951



Department of Mines and Technical Surveys photo, by George Hunter

STRIP MINE NEAR MICHEL COLLIERY

BOARD OF DIRECTORS

C. W. Stimson	Thomas Balmer	Welles V. Moot
T. G. Ewart	F. D. Pratt	T. J. Thomas
	D. M. Mitchell	

EXECUTIVE COMMITTEE

Thomas Balmer, *Chairman*

T. G. Ewart	F. D. Pratt
T. J. Thomas	D. M. Mitchell

OFFICERS

T. G. Ewart.....	President
Thomas Balmer.. . . .	First Vice-President
F. D. Pratt.	Second Vice-President
J. A. Tauer	Comptroller
T. H. Wilson	General Manager
W. R. Prentice	Secretary
D. M. Mitchell	Assistant-Secretary
A. L. McPhee	Treasurer
Welch, Hinton & Welch	Auditors

TRANSFER AGENTS

The Toronto General Trusts Corporation, Toronto, Ont.
Bankers Trust Company, New York, N.Y.

REGISTRARS

National Trust Company, Limited, Toronto, Ont.
The Hanover Bank, New York, N.Y.

REPORT OF THE PRESIDENT

Fernie, British Columbia, March 31st, 1952

To the shareholders of The Crow's Nest Pass Coal Company, Limited:

We submit herewith the fifty-fifth Annual Report of your Company for the year ended December 31st, 1951, together with Balance Sheets and statements of Income and Surplus certified by your Auditors, Welch, Hinton and Welch.

INCOME

Net profit after provision for taxes, depreciation and depletion was \$541,905.85. This is a decrease of \$61,063.68 from the previous year. It should be noted that the provision for income taxes increased \$148,625.79 over the previous year.

DIVIDENDS

Distribution to shareholders during the year amounted to \$248,472.00 which is equivalent to \$4.00 per share. Net earnings during the year 1951 were equivalent to \$8.72 per share.

INVESTMENTS

Your Company as of the close of business on December 31st, 1951, had investments of \$1,217,348.35 in Dominion of Canada bonds at varying maturity dates. Investment in these securities was made with cash realized from depreciation and depletion reserves and is maintained as a safety measure to provide for emergency and Capital Expenditures.

CAPITAL EXPENDITURES

The net capital expenditures made by this Company during the year amounted to \$456,810.53. These expenditures were incurred principally for completion of electrification program at your Elk River colliery, for completion of extension to the preparation plant at Elk River colliery, for the erection of a new coke screening plant at Michel and for foundation and preliminary expenses towards construction of sixteen Curran Knowles by-product coke ovens at Michel.

PRODUCTION

Coal mined amounted to 1,066,981 tons as compared with 1,025,090 tons in 1950. Coke produced amounted to 170,647 tons in 1951 compared with 156,186 tons in 1950.

MARKETS

Market conditions continue to be satisfactory and demand exists for your total production for the year 1952. Competition from the oil industry is becoming more acute but the general growth of business in Western Canada has enabled your Company to operate at full capacity. It should be noted however that high taxation and increased wages are a threat to the competitive position of the coal industry with other sources of energy.

EMPLOYEES

A contract has been signed with District 18, United Mine Workers of America, covering wage rates and working conditions for your employees. This agreement was made effective February 17th, 1952, for a period of one year. Under this contract wages of employees were increased by \$1.40 per day. A shortage of manpower developed during the year but this situation has been improved in great measure by the importation of immigrant labor. A housing project was undertaken during the year at Fernie consisting of forty homes being built at a cost of \$3,200.00 per home. These homes are being sold at actual cost of construction. Your Balance Sheet reflects investment in this project at \$90,572.54.

SUBSIDIARIES

Two subsidiary companies are wholly owned, i.e., the Morrissey, Fernie and Michel Railway and the Crow's Nest Past Electric Light and Power Company, Limited. According to best information and appraisal available, the investment in these subsidiaries as reflected on the parent company's books does not exceed the net worth of their assets.

OIL DEVELOPMENT

During the year your Directors authorized the formation of a subsidiary company known as The Crow's Nest Pass Oil and Gas Company Limited for the purpose of furthering a search for oil and gas on lands owned by your Company and also for the purpose of participating in oil and gas ventures in Alberta. Your Company has advanced this subsidiary a total of \$77,841.49 in the year 1951. In the Stettler Field \$25,679.58 has been invested to cover a 5% interest in one half section of land and 5% of the cost of drilling two wells which were successful in finding oil production on a small scale. A total of \$42,985.12 has been expended for interests varying from 5 to 10% in farmout ventures at Buck Lake, Chinook, Turin, Pearce, Raven and Monogram. The Turin well was a successful gas producer and the others failed to find production.

LUMBER OPERATIONS

Production of lumber was 8,459,052 board feet for the year. Operations were conducted successfully despite a decline in demand during the last quarter of the year. Your Company plans to continue production at approximately the same level as in 1952 provided markets are satisfactory.

CONCLUSION

Prospecting and diamond drilling were continued at your strip mine. All plants and equipment are being well maintained and are in excellent condition.

By order of the Board of Directors,

T. G. EWART,
President.

THE CROW'S NEST PASS

BALANCE SHEET,

ASSETS

Cash on hand and in banks	\$ 945,729.45
Accounts receivable—Trade and sundry	930,782.02
—Wholly owned subsidiary company	7,542.45
Inventories and supplies at cost or useful value	523,928.32
Bonds and shares (Market Value \$1,156,853.25) at cost	1,217,426.00
Total Current Assets	\$3,625,408.24
Mortgages receivable—Employees' housing	87,846.54
Long term advance to subsidiary company	41,075.60
Advances to subsidiary company for oil and gas exploration and development	77,841.49
Shares of wholly owned companies	345,690.03
	464,607.12
Mines, real estate, plant and equipment at cost less amounts written off to reserves	10,811,153.72
Less: Reserves for depletion, depreciation and amortization	7,944,704.21
	2,866,449.51
Prepaid insurance	61,636.62
Employees' Housing Project under construction, Fernie, B.C.	90,572.54
Lumber road and camp buildings	25,345.48
	\$7,221,866.05

To the Shareholders, The Crow's Nest Pass Coal Company, Limited, Fernie, B.C.

We report that we have audited the books and accounts of your Company for the year ended December 31st, 1951, and certify that we have obtained all the information and explanations required.

We confirmed the securities of the Company held for safekeeping by the Imperial Bank of Canada, Vancouver Branch, by certificate from the depository.

The cash and bank balances were verified, either by actual count or by certificates from the depositories.

Full provision has been made for Income Taxes.

The Balance Sheet and Statement of Income submitted herewith do not include the assets, liabilities, or the operating results of your subsidiary Companies other than by way of your investment in the shares of the subsidiaries. The operations of the subsidiary Companies for the year ended December 31st, 1951, resulted in a net loss which is amply covered by the accumulated surpluses of the subsidiary companies.

Subject to the foregoing, we certify that the accompanying Balance Sheet and Statement of Income are, in our opinion, properly drawn up so as to exhibit a true and correct view of the state of the Company's financial affairs as at December 31st, 1951, and the result of its operations for the year ended that date, according to the best of our information, the explanations given us and as shown by the books of the Company.

WELCH, HINTON & WELCH

Chartered Accountants.

February 20th, 1952.

PASS COAL COMPANY, LIMITED

SHEET, DECEMBER 31st, 1951

LIABILITIES

Accounts payable—including accrued wages	\$ 148,274.96
Accrued taxes and assessments.	38,127.51
Accounts payable to wholly owned subsidiary company	11,722.29
Income taxes—remainder payable	261,984.27
Total Current Liabilities	\$460,109.03
Deferred purchase contract—coke ovens	412,068.19

Capital

Authorized \$10,000,000.00 divided into 100,000 shares of par value of \$100.00 each	
Subscribed and paid up	6,212,666.66

Surplus

December 31st, 1951, as shown on accompanying statement	137,022.17
	6,349,688.83
	<u>\$7,221,866.05</u>

This is Balance Sheet referred to in Auditors' Report dated February 20th, 1952.

Signed on behalf of the Board,

THOMAS BALMER, *Director*

F. D. PRATT, *Director*

THE CROW'S NEST PASS COAL COMPANY, LIMITED

STATEMENT OF INCOME

For the year ended December 31st, 1951

Profit from operations		\$1,630,229.68
<i>Less:</i> Executive Officers' salaries	\$ 63,803.52	
Counsel and legal fees	4,800.00	
Directors' fees	2,500.00	
Provision for depreciation and depletion	567,851.02	
		<u>638,954.54</u>
		991,275.14
OTHER INCOME:		
Interest and dividends on securities, bank interest and exchange less amortization of investments	\$2,072.44	52,635.84
Sundry Income and credits—net		35,179.14
		<u>87,814.98</u>
		1,079,090.12
Provision for Income Taxes, current year		<u>537,184.27</u>
Net Profit for year		<u>\$541,905.85</u>

STATEMENT OF SURPLUS

December 31st, 1951

Distribution to shareholders to December 31st, 1939 from funds derived through creation of reserve for depletion, per resolution of Directors		*\$1,340,632.20
<i>Deduct:</i> Undistributed profits to December 31st, 1950	\$1,184,220.52	
Profit for year ended December 31st, 1951 as shown on Statement of Income	541,905.85	
		<u>1,726,126.37</u>
<i>Less:</i> Dividends paid in 1951		<u>248,472.00</u>
		1,477,654.37
<i>Surplus—</i> December 31st, 1951 as shown on Balance Sheet		<u>\$137,022.17</u>

*This amount represents distributions paid to Shareholders under Section 83, ss. 4 and 5, of the Dominion Companies Act.

THE CROW'S NEST PASS COAL COMPANY, LIMITED

COMPARATIVE DISTRIBUTION OF REVENUE DOLLAR

